

RATE SCHEDULE 206
SCHEDULE FOR LIMITING AND CURTAILING SERVICE

Applicability and Character of Service

This Service Schedule defines the types of curtailment that the Company may invoke from time to time due to the occurrence of extreme weather conditions, operating conditions or force majeure events, and describes the process and procedures to be followed in the implementation of gas service restrictions.

Distribution Pressure Curtailments

Due to extreme weather conditions, operating conditions or force majeure events as defined in the Company's Service Regulations, or the demands of the Company's firm Customers as the same may affect the Company's ability to provide interruptible service, the Company may experience localized pressure deficiencies. During such times and within the areas affected, the Company will curtail service to interruptible Customers served under Rate Schedule 204, Rate Schedule 208, or Rate Schedule 214, by priority of their margin contribution to the Company (curtailing Customers with the lowest margin rate first) until the pressure situation can be alleviated. In the unlikely event that further interruption is required, the Company will proceed with curtailment by margin contribution considering end use, impact on the local economy, and the Rules and Regulations of the Public Service Commission of South Carolina.

Supply or Capacity Related Curtailments

In situations when supply and capacity services contracted by the Company are not sufficient to meet the full requirements of Customers desiring sales services from the Company, the Company will first curtail service to interruptible sales Customers receiving service under Rate Schedule 204 or 208 by priority of their margin contribution to the Company. The Company reserves the right at the Company's discretion to purchase quantities being delivered to the Company by Customers under Rate Schedule 214 at market prices in order to serve Customers without operable alternative fuel capability. In the unlikely event that further interruption is required, the Company will proceed with curtailment by margin contribution considering end use, impact on the local economy, and the Rules and Regulations of the Public Service Commission of South Carolina.

Emergency Service

The Company will make every reasonable effort to deliver/redeliver plant protection volumes to industrial and commercial Customers that do not have standby fuel systems sufficient to prevent damage to facilities or danger to personnel, or to Customers that find it impossible to continue operations on the Customer's standby or alternate energy source as a result of a bona fide existing or threatened emergency. This includes the protection of such existing material in process that would otherwise be destroyed, or deliveries required to maintain plant production. All emergency service is interruptible and is of a discretionary nature on the part of the Company and implies no present or future obligation of the Company to any Customer to provide such service on either a temporary or continuing basis. Deliveries/Redeliveries of gas for emergency service hereunder shall be made pursuant only to advance operating arrangements between the Company's authorized personnel and the Customer and shall be subject to curtailment and interruption at any time should the Company deem it necessary.

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Rate for Emergency Service

If the Company has authorized the Customer to receive emergency service as provided in the above paragraph, then all gas so consumed by the Customer for emergency service will be at a rate set forth on the Company's "Rates and Charges" tariff sheet, plus the usage rate for Rate Schedule 204 and 214 as applicable, plus the higher of two commodity indices - a "Monthly Contract Price" or a "Daily Price" - for each dekatherm of consumption. "Monthly Contract" shall be defined as the monthly contract index price for the applicable calendar month as first published in Inside F.E.R.C.'s - Gas Market Report in the table titled "Monthly Bidweek Spot Gas Prices" under the heading "Louisiana/Southeast Transco, zone 3" in the column titled "Index", plus Transco's zone 3 to zone 5 IT transportation rate inclusive of all surcharges and fuel. "Daily Price" shall be defined as the daily price for gas defined by Gas Daily as stated in the "Daily Price Survey", "Northeast", "Transco, zone 6 non-N.Y.", "Midpoint" price. For days of consumption when the "Monthly Contract Price" is not published, the "Monthly Contract Price" shall equal the corresponding "Daily Price" published for the first day of the month of flow. For days of consumption when the "Daily Price" is not published, the "Daily Price" shall equal the average of the corresponding "Daily Price" as published on the nearest preceding and nearest subsequent day. Customers who bring into Piedmont's system authorized quantities of gas for emergency service redeliveries shall not be subject to the commodity index billing stated above for such quantities. The Customer's consumption will continue to be billed hereunder until the Company notifies the Customer that either (1) further gas sales may be made under the Customer's regular Rate Schedule or (2) complete curtailment is unavoidable and that further gas sales will be considered unauthorized.

Unauthorized Over Run Penalty

If at any time a Customer fails to discontinue the consumption of gas after being directed to do so by the Company or takes gas at levels in excess of the quantities specified by the Company, such quantities shall constitute an unauthorized over run volume. For each dekatherm of such unauthorized over run volume taken by such Customer, such Customer shall pay to the Company a rate set forth on the Company's "Rates and Charges" tariff sheet, plus the usage rate for Rate Schedule 204 and 214 as applicable, plus the higher of two gas commodity indices - a "Monthly Contract Price" or a "Daily Price" as both are defined above.

The Customer's consumption will continue to be unauthorized until the Company notifies the Customer that either (1) further gas sales may be made under the Customer's regular rate schedule or (2) the Company agrees to provide Emergency Service under this Rate Schedule, or (3) the Company terminates flow at the valve.

The Customer shall be liable for the above charges together with and in addition to any incremental charges or assessments (including, but not limited to penalties) by the upstream interstate pipeline during the time of the unauthorized usage by such Customer. The payment of a penalty for unauthorized over run volumes shall not under any circumstances be considered as giving any such Customer the right to take unauthorized over run volumes, nor shall such payment be considered as a substitute for any other remedies available to the Company or any

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other Customer against the offending Customer for failure to adhere to its obligations under the provisions of this Rate Schedule.

Payment of Bills

Bills are net and due upon receipt. Bills become past due 15 days after bill date.

Late Payment Charge

A late payment charge of one and one-half percent (1½%) per month will be applied to all customers' balances not paid prior to the next month's billing date.

Applicable Documents Defining Obligations of the Company and Its Customers

Service under this rate schedule is subject to the Rules and Regulations of the Public Service Commission of South Carolina ("Commission Rules") and to the Company's Service Regulations. Among other things, the Commission Rules and the Company's Service Regulations permit the interruption or curtailment of service under certain conditions, including events of *force majeure* and operating conditions. A copy of the Commission's Rules may be obtained from the Public Service Commission of South Carolina, 101 Executive Center Dr., Columbia, SC 29210, upon payment of the applicable fee. The Company's Service Regulations may be obtained at each of the district offices of the Company. Unofficial copies of the Company's Service Regulations are available at the Company's Web Site at www.piedmontng.com.